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JUSTICE DEPARTMENT REQUIRES TRACTOR AND HAY TOOL DIVESTITURES IN ACQUISITION OF CASE CORPORATION BY NEW HOLLAND

WASHINGTON, D.C. -- The Department of Justice today announced that it has required New Holland to sell its four-wheel-drive and large two-wheel-drive tractor businesses, and Case Corporation to sell its interest in its hay tool business in order to eliminate the Department's antitrust concerns involving New Holland's proposed \$4.3 billion acquisition of Case Corporation. Without the divestitures, the merger would likely result in higher prices for this farm machinery.

The Department's Antitrust Division filed a lawsuit today in U.S. District Court in Washington, D.C. to challenge New Holland's acquisition of Case Corporation. At the same time, the Department filed a proposed consent decree that, if approved by the court, would resolve the Department's competitive concerns and the lawsuit.

Under the proposed agreement, New Holland must sell its four-wheel-drive tractor business (the Versatile line) and its large two-wheel-drive agricultural tractor business (the Genesis line). In addition, Case would sell its interest in Hay and Forage Industries (HFI), a joint venture that produces hay tools, such as large and small square balers, and self-propelled windrowers. The consent decree requires that the purchaser of the divested assets continue to operate them in the manufacture and distribution of four-wheel-drive tractors, large two-wheel-drive tractors, and hay tools.

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Large agricultural tractors are used for tilling, planting, cultivating, and harvesting crops. Self-propelled windrowers cut and condition hay for harvesting, and large and small square balers are used to bundle conditioned hay for animal feed.

New Holland and Case compete directly in the manufacture and distribution of large two-wheel-drive and four-wheel-drive agricultural tractors in North America. They also compete directly in the manufacture and sale of a variety of hay tools. According to the Department, the acquisition would likely harm competition in the approximately \$1.5 billion market for agricultural tractors and in the \$250 million hay tools markets.

"American farmers use agricultural equipment day in and day out. This merger would have led to increased prices for tractors and hay tools," said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division. "These divestitures will preserve competition and protect farmers from higher prices."

New Holland is a Delaware corporation headquartered in New Holland, Pennsylvania. It produces a diverse line of construction and agricultural equipment. Its construction equipment line includes forklifts, excavators, loaders, and backhoes. Its agricultural equipment line includes combines, seeders, sprayers, tractors, and hay tools. It manufactures large two-wheel-drive and four-wheel-drive agricultural tractors at its Winnipeg, Manitoba, Canada plant and hay tools at its plants in New Holland, Pennsylvania; Grand Island, Nebraska, and Zedelgum, Belgium. New Holland is a subsidiary of New Holland N.V., a corporation of the Netherlands. New Holland N.V. is owned by Fiat, S.p.A. In 1998, New Holland N.V. reported revenues of \$5.7 billion.

Case Corporation is a Delaware corporation based in Racine, Wisconsin. Like New Holland, Case produces a full line of construction and agricultural equipment. Case

manufactures large two-wheel-drive agricultural tractors at its plant in Racine, Wisconsin and four-wheel-drive tractors at its plant in Fargo, North Dakota. Case is a joint venture partner in HFI, which produces hay tools at a plant in Hesston, Kansas. Case Corporation reported 1998 revenues of \$6.1 billion.

As required by the Tunney Act, the proposed Final Judgment will be published in the Federal Register, along with the Department's competitive impact statement. Any person may submit written comments concerning the proposed decree during a sixty-day comment period to J. Robert Kramer II, Chief, Litigation II Section, Antitrust Division, U.S. Department of Justice, 1401 H Street, N.W., Suite 3000, Washington, DC 20530. At the conclusion of the sixty-day comment period, the Court may enter the Final Judgment upon finding that it serves the public interest.

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